

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – MARCH 16, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; John Larochelle, Assistant Director of Store Operations. **Guests:** Doreen Wittenberg, Business Supervisor; Al Picconi, United Beverages, Inc.

EXCUSED: Peter Engel, Director of Store Operations.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending March 13, 2005 increased over the same week last year by almost 1.6% or \$89,788, with a variance for the year of about 4.9% or \$13,153,413.

B. Budget/Administrative Reports:

Interstate Electric is currently installing emergency exit lights at headquarters, which will probably be finished within a day.

As of today, there are no hearings scheduled for any bills affecting the Commission. Craig did forward information printed in the Nashua Telegraph concerning HB 564, which would permit the limited use of alcohol in high school culinary arts programs.

A productive meeting was held several days ago to review inventory results and identify weaknesses. Additional training will be planned in the use of dolphin equipment and training for those stores experiencing inventory problems.

The latest W-6 Expense Budget Activity Variance Report shows the year to be at about 70.6% expired, with around 67% of the budget expended.

Commissioner Russell asked how the bid process operates for work at the stores and headquarters. George explained that Public Works puts out the bids for new buildings, while the Commission handles RFP's for this building.

Anything with a cost of \$5,000 or above must go out to bid and be approved by Governor and Council.

Craig said he was informed that Store #38 Portsmouth has experienced problems with drainage by the loading dock, and that the ground is caving in. He contacted Public Works that this was an emergency, and that he wished to be informed of the action taken. Craig will keep the Commission updated.

2. IT Report

IT is currently working on projects which are open.

Howard has been asked to attend a meeting by the CIO with John Dolan this coming Friday. There is no other information at this time.

3. Human Resources Report

Training will start next Wednesday for retail store clerks and assistant store managers on marketing techniques and sexual harassment.

Everything is currently quiet on the worker's compensation front.

II. MARKETING & SALES REPORTS

1. Store Operations

There was a break-in at Store #45 Pittsfield which is being taken care of by the landlord. This appears to be a repetitive problem at that location.

Commissioner inquired as to the power situations which occurred at Store #73 and #76 in Hampton. John Bunnell explained that the generators in these stores failed to function properly. The company responsible for this was able to come in and replace the generators, but by that time the power had come back on. John Larochelle will follow up on this.

2. Purchasing Report: No report given.

3. Merchandising Report

A. SPIRITS:

1) May 05 Price Increases:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve May 2005 price increases for the following five

(5) “Hot Brand” spirit items, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #1233, Jack Daniels Black, 1.75L; Code #2663, Dewars, 1.75L; Code #3348, Bombay Sapphire, 1.75L; Code #4243, Bacardi Light Rum, 1.75L; and Code #8068, Absolut Vodka, 1.75L. The motion was unanimously adopted.

In addition, it was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve price increases for Code #2143, Canadian Mist, 1.75L, Code #5299, Southern Comfort, 1.75L and Code #5312, Amaretto DiSaronno, 750ML, which are no longer part of the “Hot Brands” program, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market Products:

a. Test Market Request (Vincent Van Gogh Coconut Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Dirkzwager Distillery for a new test market listing for Vincent Van Gogh Coconut Vodka, 750ML size (assigned new Code #141), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Citronge Extra Orange Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./St. Maarten Spirits, Ltd. for a new test market listing for Citronge Extra Orange Liqueur, 750ML size (assigned new Code #966), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Yazi Ginger Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Hood River Distillers for a new test market listing for Yazi Ginger Vodka, 750ML size (assigned new Code #194), as recommended by Richard Gerrish, Spirits Marketing Specialist and

concurrent by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Result (Codes #3605 and #3881):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a specialty listing for Code #3881, Finlandia Mango Vodka, 750ML size, as this item earned the gross profit required for specialty item consideration at the conclusion of a six-month test market period, and approve the delisting of Code #3605, Boru Crazzberry Vodka, 1.75L size, which failed to earn both the gross profit required for full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurrent by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) One Time Buy Request (Hangar One Vodkas):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Martignetti Companies of N.H. to conduct a one-time buy of Hangar One Vodka and Hangar One Mandarin Vodka, 200ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurrent by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Purchase (Dooley's Toffee Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the purchase of the remainder of cases of delisted Code #8549, Dooley's Toffee Liqueur, 750ML size, to be placed on sale in order to deplete remaining inventory, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurrent by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) May Special Offers:

a. 109 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon special purchase allowances for one hundred four (104) spirit items, to be featured on sale during May 2005, as recommended by Richard Gerrish, Spirits Marketing

Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, but table five (5) special offers pending further negotiations on pricing. The motion was unanimously adopted.

- b. 142 items – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon special purchase allowances for one hundred thirty-five (135) spirit items, to be featured on sale during May 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, but table seven (7) special offers pending further negotiations on pricing. The motion was unanimously adopted.

B. WINES:

1) Special Offers for May 2005:

- a. 5 items – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from R.P. Imports, based upon depletions/special purchase allowances for five (5) wine items, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 52 items – M.S. Walker:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions/special purchase allowances for fifty-two (52) wine items, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 27 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions/special purchase allowances for

twenty-seven (27) wine items, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 68 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for sixty-eight (68) wine items, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 14 additional items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve additional special offers from Martignetti Companies of N.H., based upon depletions for fourteen (14) wine items, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 1 item – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions for one (1) wine item, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- g. 57 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions/special purchase allowances for fifty-seven (57) wine items, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- h. 120 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for one hundred sixteen (116) wine items, to be featured on sale during May 2005, and approve withdrawal of five (5) offers by the broker, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Purchase and Display Little Boomey:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H./Trinchero Family Estates for the Commission to purchase and display three Little Boomey wine items, to be featured on sale during May and June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Purchase and Display Screw Kappa Napa:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H./Don Sebastiani and Sons for the Commission to purchase and display three Screw Kappa Napa wine items, to be featured on sale during May and June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Primary Source Submissions (6 primary source; 2 exclusive agent; 4 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of six (6) wine codes which are from primary source, two (2) wine codes which are offered by the exclusive marketing agent, and four (4) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all formerly reviewed requests for bailment releases/transfers dated March 11 through March 16, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

a. Test Market Offers for April 2005 (United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc. for the Commission to accept thirteen (13) test market items for depletion allowances, to be featured on sale during April 2005. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

